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Closing the Gap

A Brief to the
Fair Wages Commission—Living Wage
from the
British Columbia Teachers' Federation

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President



Executive Director

Submission to the Fair Wages Commission—Living Wage

British Columbia teachers have been proud to support the staged increase in the minimum wage to \$15 across the province, in line with the opening recommendations of the Fair Wages Commission. With full implementation of this initial goal just two years away, teachers strongly support further increases to the minimum wage that would close the gap between it and the living wage.

Raise the wage, counteract poverty

Wages below the living wage are poverty wages for many households. For decades, teachers have been clear about the damaging impact poverty has on childhood development in particular, as well as on individuals and communities as a whole. Teachers experience first-hand the impact that poverty has on children, how it leaves children more vulnerable in so many respects. Poverty means that some children have fewer chances to reach the full development of their human capacities. If education has the potential to be a great equalizer in society, then the persistence of poverty, especially among children, works to undermine its goals.

Current BCTF policy, as laid out in our *Members' Guide*, states that our union:

- “call[s] on the provincial government to acknowledge the negative impact of poverty on the education, health, and well-being of the children of British Columbia.” (Policy 42.01)
- “endorse[s] the call by End Legislated Poverty and other community social action groups, for government action to eradicate poverty.” (Policy 27.32)
- “encourage[s] members to...take steps individually and/or as part of their Social Justice network to help eliminate child poverty in BC.” (Policy 41.C.18)

While raising the minimum wage to a true living wage is insufficient on its own to eliminate poverty, it would go far in addressing working poverty and its negative impacts. No child deserves to grow up in poverty—just as no person deserves to live in poverty at any age. And it is especially distressing to know that there are numerous full-time workers in British Columbia whose earnings do not cover the bare minimum of household expenses.

Unfortunately, even a \$15 minimum wage, which will be fully phased in by 2021, today is already below the living wage in many areas of the province. In Metro Vancouver and Victoria the gap between the living wage and \$15 is over \$4; in Revelstoke and Nelson it is just under \$4. That is why teachers are pleased to see the British Columbia government show interest in continuing down the path of improving conditions for low-wage workers beyond this initial increase.

It is important to remember that the living wage is but a version of the minimum wage, adding a reference to household expenditures. The living wage remains one that provides a no-frills

income. It includes the basic necessities of life and no more. As such, it should set the minimum bar for what an income floor should be, rather than the end goal.

Raise the wage, combat inequality

Today, however, employers continue to pay wages that do not meet even this minimal standard. Rather than enabling individuals and families to afford some comforts beyond the absolute basics, low wages enforce difficult trade-offs between necessities. Meanwhile, in Canada, as across so much of the world, the gap between rich and poor continues to grow. CEOs in Canada now earn nearly 200 times what the average worker earns. The share of income going to the Canadian top 1% approached pre-World War 2 levels at the height of the pre-recession boom, only to level off slightly, and is still much higher than its low point in the 1980s.

Inequality and poverty hurt everyone in society, not just the poor and vulnerable, although the latter suffer the most. As popularized by books such as *The Spirit Level* by epidemiologists Kate Pickett and Richard Wilkinson, the latest research indicates that more equal societies mean better health, greater safety, and enhanced well-being on average for all their members. We have enough resources to make sure that no one lives in poverty; however, we are far from distributing them such that this is the case.

For years the counter-argument has been that any such redistribution through a substantive wage floor will have unintended consequences in employment losses that outweigh its benefits in income gains. It is thus also important to remember the copious and convincing evidence economists have collected over the past two decades that has overturned this conventional wisdom (one still heard in the media and political discourse). New empirical evidence has caused a seismic shift within the economic profession. A comprehensive study set to be published this year in the *Quarterly Journal of Economics* that examined 138 minimum wage changes since the 1980s found that incomes went up substantially at the bottom of the wage distribution following a minimum wage increase while “the overall number of low-wage jobs remained essentially unchanged over the five years following [an] increase.”

Raise the wage, expand services

Low-wage workers in British Columbia are being squeezed between two arms of the pincers on inequality: wages are too low and living costs are too high. Continuing to increase the minimum wage toward a living wage will loosen the grip of these pincers best if it is accompanied by expanded public investment that lightens the cost of living for all.

A living wage will be harder to achieve if the cost of medications continues to increase. It will be harder to achieve if rents and housing costs continue to spiral upward. On the other hand, a living wage will be easier to achieve if the promise of universal, low-rate, affordable childcare is implemented on or ahead of schedule.

Take the example of universal health care—at once a cornerstone of the Canadian welfare state and an unfinished project. It has two major gaps: pharmacare and dental care. Both are basic medical services that many other public healthcare systems across the world provide and their lack is a major cost burden to Canadians, in particular those with low incomes. Closing both of these gaps within the public system would lift this cost burden.

As such, British Columbia teachers have joined the labour movement across Canada in demanding that universal pharmacare be rapidly made part of Canada’s public medicare system. We also support the creation of dental care for children and have put forward innovative policy ideas such as mobile clinics travelling between schools.

And while teachers cannot imagine if school attendance were based on a user fee, they are all too aware how many hidden fees have crept into the education system. We see too many parents making hard choices between educational opportunities for their children and other necessities. We see first-hand the impact of low wages combined with inadequate public services. So many parents, particularly those making low wages, would be helped if public K–12 education were fully funded.

Universal public services like childcare and pharmacare, an expansion of non-market housing (a rising cost affecting not only low-wage workers but also many other workers, including teachers), fully funded K–12 education and many other government measures could act alongside increases to the minimum wage to bring low-wage workers out of poverty while combating inequality and giving all workers a greater share in our socially created wealth.

Raise the wage

Low-wage workers should not be living in poverty, but today’s minimum wage—even once it reaches \$15—remains one that leaves many individuals and families without enough at the end of the month to cover the basic necessities of life, nevermind afford the smallest comforts. As a measure of basic living costs, the living wage can be one of the key guides in setting the minimum wage, ensuring that the wage floor does not leave individuals, families, and children in poverty, without the basics. Raising the minimum wage to the level of at least the living wage should be on any agenda that aims to counteract poverty and rising inequality. In British Columbia today this means continuing beyond \$15.